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C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 002270

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OFFICIAL INFORMAL

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SUBJECT: STRIKE UPDATE - FOR CLEARANCE

REF: ABUJA 01837 AND PREVIOUS

Classified By: Consul General Brian L. Browne for Reasons 1.5 (B & D)

SUMMARY

[11.](#) (C) The Nigeria Labor Congress (NLC) and allied civic organizations continue to lay the groundwork for a November 16 nationwide strike. NLC President Adams Oshiomhole has threatened that the strike will be indefinite and targeted to affect oil production and export. Over the years, many oil and gas workers affiliated with unions NUPENG and PENGASSEN have observed strikes, but have generally allowed essential workers to report for duty in order to shield production from disruption during a strike. Oil majors have contingency plans in place and say they are prepared to weather the strike -- for a while. However, if the strike lasts a considerable period and the NLC is succeeds in getting the unions to keep essential workers at home, then the strike will take the unprecedented step of affecting oil production.
End Summary

NLC Lays Groundwork With November 3 Lagos Rally

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[12.](#) (U) On November 3, the NLC and civil society groups organized a rally in Lagos as part of their mobilization campaign for the scheduled November 16 nation wide strike. The event is the first in the series of rallies planned by the coalition to boost compliance with the strike. Thousands of workers and ordinary Nigerians joined the procession. In his address to the crowd, Oshiomhole asserted the strike would be indefinite and would be targeted to affect oil production and export. The rally ended abruptly but peacefully, when Lagos police insisted that the organizers had no legal permit to organize the event.

[13.](#) (U) (Note: Last week the NLC withdrew from the "palliative committee" established by the GON. The committee's mandate was to recommend relief measures that would cushion the impact of the fuel price increase. The NLC objected that reviewing the propriety of the fuel price hike itself should have been part of the committee's mandate. In apparent reaction to the NLC's criticism, the GON announced November 4 that it was adding the issue of petroleum product pricing to the committee's agenda. The NLC has since announced that it is re-joining the palliative committee.
End Note.)

GON Attempts to Avoid Strike

[14.](#) (U) The GON is seeking court action to prevent the strike. The Court of Appeals is scheduled to hear the case on 11 November. The Ministry of Labor has announced that public sector workers participating in the strike will not be paid.

GON, NLC, and Oil and Gas Union Relations

[15.](#) (U) Oil and gas sector workers are members of two unions: the National Union of Petroleum and Natural Gas Workers (NUPENG), and the Petroleum and Natural Gas Senior Staff Association (PENGASSEN), and are affiliated with the NLC through the Trade Union Congress (TUC). NUPENG is the union for more junior workers in the oil and gas sector, while senior and white-collar workers are members of PENGASSEN. Since the early 1990s, Nigeria's oil and gas exports have not/not been affected significantly by industrial action. While NUPENG and PENGASSEN workers generally have observed strikes, they have allowed sufficient number of their members to work so that production never suffered materially during previous strikes.

Oil Unions Plan to Participate in Strike

[16.](#) (C) The two oil and gas sector unions met on November 9, and have announced that they will participate in the strike. Prior to this announcement, PENGASSAN's Secretary, Michael

Fadakinte told PolSpec that his union will participate in the strike as directed by the Trade Union Congress, but may not be willing to stop crude oil export. In press reports on November 4, the Deputy President of PENGASSEN stated that PENGASSEN intended to maintain essential services "until it becomes absolutely necessary to do otherwise."

Chevron Texaco: PENGASSEN Key to Nigeria's Production

17. (C) Chevron Texaco Environmental, Health, and Safety Manager Robnett reported that NUPENG and PENGASSEN typically wait until the last minute to decide whether to join a national strike. Robnett expects jockeying and brinksmanship to continue until the strike begins. She noted that the unions often hold discussions separate from the NLC with the federal government, using the threat of a production shutdown as a bargaining chip for gains in other areas. Robnett confirmed that in the past, the oilfields have not shut down unless PENGASSEN agreed to strike. In many cases, NUPENG has declared its support for a strike, but the workers in the fields continue to work.

Exxon Mobil: Focused on Contingency Plans

18. (C) Exxon Mobil External and Government Relation contacts indicated it was directing most of its efforts toward contingency planning in the event of a strike.

Shell: NLC Wants Strike to Bite

19. (C) Shell reported that its union staff has often joined in national strikes, but workers have tended to shield production during such events. However, the Shell External Relations Director indicated that the NLC wants this strike to "bite," and so may require the unions to "deliver on production." Shell has a contingency plan to continue with production "for some time" in the event of a full work stoppage. During past strikes, Shell has been able to maintain production for more than two and a half weeks. As reported reftel, Shell is seeking a court injunction to prevent its workers from joining the November 16 strike. The judge has adjourned the case until November 18; a success, at least temporarily, for labor, as it allows labor to launch the strike on November 16.

10. (SBU) (Comment: Shell is currently in the midst of a dispute with unions over re-structuring and terminating of some workers. The unions have not been happy with severance packages offered to workers soon to be laid off; the unions led a two-day strike at Shell in recent weeks. While the restructuring clash within Shell is separate from the NLC-led fuel dispute, Shell workers may join the NLC strike to gain an additional platform to voice discontent over restructuring. End Comment).

Halliburton: Echoes PENGASSEN Role is Key

11. (C) A representative from oil service company Halliburton stated that the strike would hold. Halliburton employees are both NUPENG and PENGASSEN members, who, in the past, have followed instructions from their national unions to join or sit out national strikes. The Halliburton representative remarked the level of PENGASSEN's participation would determine the impact on the upstream sector.

Seabulk: Export Maritime Operations will Continue

12. (C) Oil Service company and marine transport firm Seabulk forecasted there may be an impact on production, particularly on-shore, but that the effect would not be dire. Companies more reliant on on-shore operations, (principally Shell, through its SPDC unit), will be hit hardest, as will companies with more Nigerian employees (Shell, AGIP). Seabulk management indicated full stoppage of maritime activities generally does not occur during national strikes. Maritime employees with Seabulk currently belong to NUPENG and PENGASSEN, but have not participated in past strikes. Export tankers are crewed largely by expatriates, and are generally not affected by strikes. However, mooring, static tow, and other smaller work boats crewed by Nigerians could be affected by a strike. If Nigerian crews were not available to carry out crew changes and re-supply of crews in the field, this might also eventually impact production. In general, the maritime sector is more labor intensive than the energy sector, and more workers are required "on deck" to ensure the functioning of the vessels and cargo transport. In the unlikely event of Seabulk striking, management has indicated that it would attempt to bring in third country nationals to temporarily fill positions.

Comment

113. (C) Most of our energy contacts indicated that once a production crew is in place in the field (typically working one to two week rotations), they will continue working regardless of a strike. If history is an accurate guide, even if the strike is generally honored, we can expect production to continue normally for a few weeks.

114. (C) We will be in uncharted territory if strike is 100% successful with NUPENG, and more importantly, PENGASSEN employees, fully respecting the call to stay at home. Production could also be negatively affected if the strike last for more than three weeks. A few points are clear: on-shore production will be affected more quickly than off-shore production, with Shell and AGIP being the most vulnerable due to their high levels of on-shore production and large numbers of Nigerian employees. Exxon Mobil, with all production off-shore, is likely to be the least impacted.

115. (U) This cable has been cleared by Embassy Abuja.

BROWNE